

Congress of the United States
House of Representatives
Washington, DC 20515
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12TH DISTRICT, NEW YORK

Committee on Financial Services
Hearing on
Using FHA for Housing Stabilization and Homeownership Retention
April 9, 2008

Good morning. I want to thank Chairman Frank for holding this hearing today on such an important issue for all Americans.

Our nation is at a crossroad with the current housing crisis threatening the American Dream. It is critical that homeowners are able to rise above these rough economic times and not only reach homeownership but also sustain it.

In the month of February alone, over two hundred thousand Americans entered into foreclosure. This implies that more than 1 in every 50 homes with a mortgage in our country is in foreclosure. With the expectation that this number will only rise, every day that goes by without action means more families are at risk of losing their homes.

This coupled with falling home prices threatens to undermine the wealth of too many hard-working families in our country. We can't let this happen.

These challenges were the topic of discussions of several roundtables and forums that I have held throughout New York City. In these events, local experts and ordinary citizens came together to discuss short and long term solutions to the mortgage crisis. Among the solutions discussed were:

- neighborhood based solutions to prevent community destabilization;
- fostering sustainable refinancing opportunities;
- increased access and capacity building of homeownership and legal counselors;
- passage of a temporary bankruptcy fix;
- the expansion of financial literacy programs; and
- revamping many of our core consumer and lending laws.

These recommendations were the product of collaboration between a broad array of experts with different perspectives on this crisis.

I am glad to see that today's hearing will consider at least two of these alternatives, using FHA to increase refinancing opportunities; and enabling communities to turn around foreclosed properties. In evaluating these solutions, we must ensure that unintended consequences are not created. Most importantly, we need to stop predatory lending activity from returning in other forms.

We know this is not a simple problem that a quick fix will solve. Foreclosures crush a family's dream for economic stability and success. If large numbers of families are only achieving homeownership for short periods of time, we have accomplished nothing. All those who want to enter the ranks of homeowners should not only have a fair opportunity to do so, but also the ability to remain there.

I want to thank Chairman Frank for his leadership and work on the Financial Services Committee and for holding this hearing. Today, without doubt, we will move towards putting an end to the mortgage crisis in order to protect our working families and to bolster our economy. Thank you.